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PROPOSED ATTORNEYS FOR DEBTOR SUPERIOR AIR PARTS, INC.

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

IN RE:	§	
	§	Case No. 08-36705
SUPERIOR AIR PARTS, INC.,	§	
	§	Chapter 11
Debtor.	§	
	§	
	§	

**DEBTOR'S EX PARTE MOTION
TO SHORTEN REQUIRED NOTICES ON (I) MOTION TO IMPLEMENT
RETENTION PROGRAM FOR KEY EMPLOYEES (DOCKET NO. 8) AND (II) MOTION
PURSUANT TO SECTION 364(C) OF THE BANKRUPTCY CODE FOR FINAL
ORDER AUTHORIZING POST-PETITION FINANCING (DOCKET NO. 6)**

EXPEDITED CONSIDERATION HAS BEEN REQUESTED.

Superior Air Parts, Inc., the above-captioned debtor and debtor-in-possession (the "Debtor" or "Superior"), files this Ex Parte Motion to Shorten Required Notices on (i) Motion for Authority to Implement Retention Program for Key Employees (Docket No. 8) and (ii) Motion Pursuant to Bankruptcy Code § 364(c) for Final Order Granting Authorization to Obtain Debtor-in-possession Financing (Docket No. 6) ("Motion"), and respectfully states as follows:

I. Jurisdiction

1. This Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b).

II. Background

2. On December 31, 2008 (the "Commencement Date"), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtor continues to operate its business and manage its properties and assets as a debtor-in-possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code. No committee, Chapter 11 trustee or examiner has been appointed in this case.

III. Relief Requested

3. On January 2, 2009, Debtor filed the following motions:

(a) Motion for Authority to Implement Retention Program for Key Employees (Docket No. 8) (the "Retention Motion") and

(b) Motion Pursuant to Bankruptcy Code § 364(c) for Final Order Granting Authorization to Obtain Debtor-in-possession Financing (Docket No. 6) (the "DIP Financing Motion").

These two motions have required notice periods of twenty (20) days and fifteen (15) days, respectively, pursuant to Rules 2002(a)(2) and 4001(c)(2) of the Federal Rules of Bankruptcy Procedure ("FRBP").

4. Debtor has requested expedited hearings earlier than the required notices pursuant to the statutes listed above.

5. Debtor requests that this Court shorten the notice requirements for the Retention Motion and the DIP Financing Motion to permit the entry of a final order at the hearing scheduled by the Court. The Court has the power to grant the relief requested

pursuant to FRBP 9007 and L.B.R. 9007.1. This Motion can be granted ex parte according to L.B.R. 9003.1.

IV. Justification for Shortened Notice

6. Justification for this request is based upon the follows facts about the Debtor: Superior Air Parts, Inc. ("Superior") is a Texas corporation with its offices and operating facilities located in Coppell, Dallas County, Texas. It was founded in 1967 in order to supply the United States Air Force and commercial customers with replacement parts for piston powered aircraft engines. Superior is one of the largest suppliers of parts under Federal Aviation Administration's ("FAA") Parts Manufacturer Approval ("PMA") regulations for piston engines. It provides Superior-brand parts for engines created by two primary original equipment manufacturers ("OEMs"), the Continental division of Teledyne, Inc. and the Lycoming division of Textron, Inc. Its customers are companies that perform maintenance and overhaul work in the general aviation industry. Superior is also an OEM for the (i) 180-horsepower Vantage Engine and (ii) Superior or owner-built XP-360 Engine for various aircraft companies.

7. In 2006, 100% of the ownership interests of Superior was acquired by Thielert, AG ("Thielert"), a German corporation based out of Hamburg, Germany. Also in 2006, Thielert purchased the debt of Superior's senior secured lender and subordinated lenders secured by substantially all of the Debtor's assets. The outstanding indebtedness to Thielert is approximately \$10 million. However, it does not appear that Thielert has filed a UCC Financing Statement with the Texas Secretary of State, perfecting its security interests in the Debtor's assets. One of Thielert's other subsidiaries, Thielert Aircraft Engines GmbH, has been providing Superior with parts on

credit under a supply contract and is owed over \$15 million in unsecured debt. Upon information and belief, the Debtor' trade creditors are owed over \$1.8 million.

8. The Debtor earned \$451,365 from operations in 2006, but lost \$5,635,053 in 2007 and \$4,238,697 through October 2008.

9. On April 30, 2008, Thielert filed an insolvency proceeding in Hamburg, Germany and Dr. Achim Ahrendt was appointed as the preliminary Insolvency Administrator. Thielert Aircraft Engines GmbH, which had been providing engine parts to Superior on credit, also filed an insolvency proceeding in Germany. Dr. Ahrendt determined that it was in the best interest of Thielert and Superior to sell Superior or its assets. In June 2008, Superior hired Corporate Finance Partners Midcap GmbH ("CFP"), a German investment company based in Berlin, Germany to serve as its investment advisor and to seek possible suitors for Superior. CFP canvassed the market, negotiated with numerous potential purchasers, and enabled interested parties to conduct substantial due diligence. As a result of those efforts, Superior entered into an asset purchase agreement ("APA") on December 30, 2008 with Avco Corporation ("Avco"), a wholly-owned subsidiary of Textron, Inc., the highest bidder to date, pursuant to which Avco has agreed to buy substantially all of Superior's assets for \$11.5 million, subject to adjustments for inventory reductions after October 31, 2008.

10. One of the conditions of the purchase agreement was that the purchase be consummated through a Chapter 11 bankruptcy proceeding. This Chapter 11 case was filed to liquidate the assets of Superior and to obtain the highest and best price for creditors, either through the purchase agreement with Avco, or a public auction.

11. Time is of the essence. Due to the nature of the Debtor's business, it is not feasible for the Debtor to continue to assemble and sell small engines or to sell parts when the sale of substantially all of its assets is pending. Accordingly, the Debtor has ceased sales and assembly operations to conserve cash and preserve the assets. The Debtor has retained a group of key employees who are necessary to the consummation of a sale and the Debtor's only post-petition income will come from the collection of accounts receivable. The longer the Debtor must continue to operate in this mode, the fewer funds will be available to pay creditors.

12. Contemporaneously with the filing of this Motion, Debtor filed a (i) motion for authority to sell substantially all of its assets under §363 of the Bankruptcy Code ("Motion to Sell") and a (ii) motion for authority to approve bid procedures and related relief ("Bid Procedures Motion"). Attached to the Motion to Sell was an Asset Purchase Agreement ("APA") with Avco that called for a Deposit Amount of \$350,000. Under Section 11.7(a) and (b) of the APA, a portion of the Deposit Amount authorized to be used by the Debtor is equal to the funds necessary to pay independent third party fees and expenses incurred by Seller in connection with the provision of the Transaction Notice pursuant to Sections 11.7(a)(v) and 11.7(b) of the APA, and further, such fees and expenses shall be pre-approved in writing by Purchaser. The Transaction Notice fees are to be used for noticing costs for the approximately 200,000 outstanding owners of piston-powered aircraft registered with the FAA who may have possible claims. Because these noticing fees will need to be incurred prior to approval of the APA, or the sale to another successful bidder under a public auction of the Debtor's assets, if any, it is necessary for Avco to loan the \$150,000 under this DIP Financing Motion.

13. In order for the sale to proceed under the timetables requested, it is necessary for the financing to fund the Transaction Notice be entered at the same time as the Motion to Sell and Bid Procedures Motion.

14. Likewise, if the Retention Motion is not heard on the same day, it is very possible that some or all of the Debtor's remaining employees may cease working for the Debtor, which might eliminate the interest or ability of any potential purchaser to obtain the assets for the price sought, or higher. With the loss of these essential employees, the value of the assets would be severely reduced, which would harm creditors and this estate.

WHEREFORE, the Debtor respectfully requests entry of an Order shortening notice on the Retention Motion and DIP Financing Motion to a time period consistent with the expedited hearings and granting such other and further relief as is just and proper.

Respectfully submitted,

/s/ Duane J. Brescia

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Corley Gasket Co.
6555 Hunnicut Road
Dallas TX 75227

Saturn Fasteners Inc.
425 S. Varney St.
Burbank, CA 91502

Champion Aerospace, Inc.
1230 Old Norris Road
Liberty, SC 29654-0686

Ohio Gasket & Shim
976 Evans Ave.
Akron, OH 44305

Gerhardt Gear
133 East Santa Anita
Burbank CA 91502-1926

Automatic Screw Machine
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Helio Precision Products
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Knappe & Koester Inc.
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Garlock-Metallic Gasket Div
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